

**Submission Made in Response to a
Request for Qualifications
for Persons Qualified to Prepare
Comprehensive Economic Impact Studies**

**Submitted by:
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The Maine State Planning Office
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A. Applicant Information

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B. Educational Background

- University of New Hampshire, Durham, NH, M.S. in Resource Administration and Management, May 2004.
- University of New Hampshire, Durham, NH, B.S. in Environmental and Resource Economics Cum Laude with Honors, May 2002.

C. Experience and Training

I have worked at Planning Decisions as an Economist since October 2006. Prior to coming to Planning Decisions I worked as a Community Development Planner for over 2 years at a regional planning commission in northern New Hampshire, working on a variety of projects including economic impact analyses. I am extremely proficient in a number of computer based econometric and statistical programs including: IMPLAN, SPSS, STATA, Excel, REMI. While a graduate student at the University of New Hampshire I worked as a Research Assistant under Dr. Alberto Manalo on his various research topics.

D. Examples of Three Previous Research Projects

The Economic Impact of an Ice Arena at Plymouth State University – August 2006

This analysis measured the impacts on the local area of the construction of a new ice arena on the University's campus. The study involved measuring the impacts of three aspects of the project: 1) construction, 2) increased visitors to the area and, 3) operations of the facility and related retail activities. Data was gathered through surveys and interviews of owners and operators of similar facilities as well as users, and working with University Staff.

Economic Impact Study of the O2 Development Proposed for the City of Newport, Rhode Island – June 2007

The Procaccianti Group of Cranston, Rhode Island hired Planning Decisions to conduct an analysis of the impact of their proposed development in Newport, RI. In all, the proposed development encompassed 60 acres and included almost 4 million square feet of building space (made up of residential condominiums and apartment units, restaurants, retail shops, parking garages as well as a variety of recreation facilities). In addition to the one-time impact of the investment spending associated with its initial development, the project was also going to create an ongoing impact on the Rhode Island economy as a result of the business sales and consumer spending from the operation of the complex.

Estimating the size of the impact was established by estimating how many of the hotel guests, retail customers, condominium and apartment residents were new to Rhode Island and how much of their incomes they spend within the state.

The Shops at Biddeford Crossing – October 2007

In October of this year Planning Decisions was hired by the Town of Saco to measure the impact the Shops at Biddeford Crossing has had on the town over the past year. On November of last year approximately 500,000 square feet of retail stores and restaurants (29 stores) were opened along Route 111 in Biddeford. Saco wanted to know what impact this development had on business owners within Saco. Using State Planning Office retail sales data, along with Census commuter and other data, I was able to estimate how much business sales had been lost to the new retail development in neighboring Biddeford.

E. Some Costs and Benefits of Large-scale Retail Development

As with any type of development, there are costs and benefits associated with retail development.

Some of the *possible* benefits of a large-scale retail development are:

- An increase in the value of taxable property in the community where the project is located;
- An increase in the number and variety of jobs available in the community where the project is located;
- An increase in the variety of goods (and, depending on the nature of the specific stores to be created, potentially in the quality, price ranges, store hours and travel distance) available for consumers in the shopping area the proposed project would serve;
- An increase in indirect and induced sales, employment, income and taxable property value for businesses linked to increased commercial activity created by the proposed new project.

Some of the *possible* costs of a large-scale retail development are:

- Loss of desirable open space (depending on site selected for development);
- Increased traffic in the area near the development and on connecting arterials;
- Storm water runoff from newly created roofs and parking areas;
- Loss of visual character of local built environment (depending on nature and enforcement of local design standards);
- Increased demand on water and sewer systems;
- Increased demand on solid waste disposal systems;
- Increased demand on public safety services;
- Increased demand on public social services;
- Increased demand on public education system;
- A decrease in sales, employment, income and taxable property value for businesses competitively damaged by the increased commercial activity created by the proposed new project.

The central task of impact analysis is twofold:

- to gather evidence concerning the likelihood that any or all of these *possible* benefits and costs would in fact *actually occur* in the specific project under consideration; and
- to present this evidence in a clear fashion so that citizens and public decision makers have a clear basis for their choices.

F. Methodology Used to Perform Analysis

The analysis of a large-scale retail development involves two separate issues or impacts, the economic and fiscal impacts of the project. These two aspects will be brought together into a final, cohesive document.

Economic Impact Analysis

Economic impact analysis involves estimating the direct, indirect and induced sales, employment and income effects of a proposed investment on a particular area. This work involves several tasks.

Task 1 Estimate the Direct Effects of the Proposed Project

This will involve both the capital spending required to complete the project and the consumer sales likely to be generated by the completed project. This will require working with the developer's staff to estimate likely amounts of capital spending to be made in Maine. It will also require using secondary sources to estimate the business sales for a retail development of the proposed size and a careful review of the proposed number and types of stores to be created and their likely competitive impact on stores currently serving the existing shopping area.

Task 2 Estimate the Total Effects of the Proposed Project

This will involve entering values for the project investment and consumer sales impacts into an inter-industry economic model such as IMPLAN¹ and interpreting the results. This work will result in an estimate of the net impact on employment, income, sales and taxes for both the local area.

Task 3 Estimate the Demographic and Labor Market Impacts

This will involve assessing the current state of the relevant labor market—number of jobs, distribution by industrial sector and occupation and average wages by sector and occupation. Using this baseline and the proposed number of jobs and proposed wage levels associated with the new project, it then involves estimating the effect of the

¹ IMPLAN (IMpact analysis for PLANing) is a computer input-output modeling program originally developed by the US Department of Agriculture Forest Service for resource management planning. It contains mathematical replications of the technological relationships and purchasing patterns that occur among sectors of the Maine economy. A sector is a grouping of industries in an economy and is based on the North American Industry Classification System (NAICS). IMPLAN uses 509 sectors benchmarked to actual Maine employment in 2004.

proposed project on the area labor market and on the likely patterns of commuting to work and shopping.

Fiscal Impact Analysis

Fiscal impact analysis involves estimating both the revenue the project is likely to generate for the state and the community as well as the increased demand for public services the project is likely to generate.

Task 1: Assemble Basic Project Information

The first task will be to gather additional information about the project beyond that required for the economic analysis. This information will include:

- location of the site to be developed, its acreage and square feet to be developed and number and type of stores involved;
- anticipated trade area, trade area population and desired customer mix;
- area of operating space, seating capacity, rooms, beds, number of gas pumps, hours of operation, lighting to be used;
- description of type, volume, and method of solid waste removal;
- description of proposed traffic (automobile, truck and pedestrian) flow;
- assessed value of finished project and completion timetable; and,
- projected annual retail sales in completed project.

Task 2: Project Potential Revenues from the Project from All Sources

This task will involve estimating the potential new revenues resulting from the project including property taxes and fees. The calculation of potential property tax revenue will involve:

- calculating the assessed value of property created and its effect on the assessed value of property that may be negatively affected; and,
- calculating the indirect effects of these changes in assessed value, i.e., the effects on state education subsidy payments, on state revenue sharing payments, and county tax payments.

Task 3: Identify and Quantify Likely Changes in the Demand for Municipal Services

This task will involve three sub-tasks:

- reviewing recent municipal budgets;
- interviewing department heads regarding known and anticipated increases in demand for service resulting from the development; and
- working with department heads to determine the impact of increased demand from this project on their budgets and facilities.

This task will involve both gathering data on measures of demand for municipal services such as calls for police or rescue and calculating the ranges of new services each department can provide within its current capital structure (facilities and equipment) and operating budget (staff and budgetary expenditures).

Task 4: Project the Likely Service Costs of the Project

This task will involve combining the potential demand for services generated by the project with the expenses, both operational and capital, that will be required to meet them. It will require an evaluation of whether a marginal cost or average cost basis is the most appropriate for each department and determination of the way to allocate costs.

G. Key Data Sources

The primary data sources I will draw upon to complete an impact analysis will be the developer and the municipality. The developer should provide all relevant data regarding the proposed investment. The municipality should provide historic revenue, expenditure and assessing data. In addition, the municipality should make department heads available for interviews regarding their judgments about the likely impacts of the project.

Another source of key information I will gather will be an inventory of product selection, pricing levels and hours of operation for the newly proposed stores and the stores in the existing shopping area. I will supplement all of this information with analysis of studies that have been made regarding the economic and fiscal/community impact of large-scale retail development.

Secondary sources I consider necessary for completion of impact studies include retail sales data compiled by the Maine State Planning Office, State Aid for Education data compiled by the Maine Department of Education, State Revenue Sharing data maintained by the Maine State Treasurer, a variety of Labor Market data maintained by the Maine and U.S. Departments of Labor and county income data maintained by the U.S. Department of Commerce, Bureau of Economic Analysis. Also, depending on the nature of the area involved, I will review data from the U.S. Bureau of the Census, both block data from the 2000 census and more recent data from the American Community Survey.

Finally, I will use the IMPLAN computer input-output modeling program to estimate project multipliers. This model contains sales, employment and income data on 509 sectors at both the state and county level.

H. Area to be Studied

The comprehensive economic impact area is composed of two parts—the municipality in which the proposed retail development is to be located and a group of surrounding municipalities from which the proposed project will draw its customers and workers. The first part is determined by the developer's initial site location decision. The second part is determined by analysis of existing commuting and shopping patterns within the context of current road networks. I will delineate this larger impact area by examining census commuting patterns, Maine Department of Transportation traffic counts and the geographic distribution of retail sales, employment, housing prices and housing vacancy rates.

The method for determining an impact area is essentially twofold—first, assess the current housing, commuting and shopping patterns so as to establish a baseline, and,

second, determine the changes from that baseline likely to occur following execution of the proposed project. The definition of the impact area is that area within which the proposed project will draw the vast majority of its workers and shoppers. This area can best be determined by examining the commuting and shopping patterns of similar stores in similar areas and by reference to prior studies conducted on this subject over the years for other proposed investments.

I. Consideration of the Community's Land Use Plan(s)

The primary purpose of the preparation of a comprehensive economic impact study is to provide information to the local community of what the impact will be of a large-scale retail development. This is not a regulatory document nor should I as the preparer take a stance as to whether or not the project should go ahead. The role of this report is simply an informational one.

However, this is not to say that consideration will not be made within the report towards how the proposed development will fit in with the goals and strategies laid out within the community's comprehensive plan. A thorough review is necessary of any applicable comprehensive plan, especially in regards to economic development goals.

The first step in assessing the consistency of the proposed project with area comprehensive land use plans will be to review the plans for all the municipalities as well as any involved regional planning agency included in the comprehensive economic impact area defined above. My second step will be to formulate a simple, tabular, format for listing the topics included in the plans (job growth, open space preservation, designated growth areas, design standards, traffic flow, downtown redevelopment, for instance) against which the proposed project can be compared.

The third step will be to use this "checklist" to note the proposed project's consistency, inconsistency or irrelevancy to each of the specified topics. Simultaneously, I would use the same "checklist" to note any inconsistency among the various plans reviewed. Finally, I will prepare a summary statement noting where the proposed project appeared to be consistent with area plans, where it appeared to be inconsistent and where plans were silent with respect to certain qualities of the proposed project.

J. References

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Signed:

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date